



B2B payment practices trends Vietnam

How companies manage B2B payment risk
and its impact on cash flow



About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on the payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Vietnam.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.



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Vietnam

B2B payment risk management

Vietnamese companies struggle with mixed B2B payment behaviours

Concern about late payments from B2B customers is evident in our survey of companies in Vietnam, particularly those across all industries who report a deterioration during the past year. This is causing cashflow challenges and financial strain. A negative impact is also being felt by many businesses in the agri-food sector even though the majority of them report no significant change in B2B customer payment behaviour. This is probably because the sector's slower baseline speed for invoice settlements results in a higher rate of late payments. 40% of companies, mostly in the chemicals and packaging sectors, report an improvement in payment practices of B2B customers.

The mood of anxiety about payment practices is highlighted by a slight increase in the level of late payments. Businesses in Vietnam report that these now affect an average 36% of all B2B invoices, with the agri-food sector hardest hit. Bad debts written off as uncollectable now stand at an average 3% of all B2B invoices, with the agri-food industry again the most affected. Customer cashflow problems and administrative inefficiencies are cited as the main reasons for late payments, especially in the chemicals and plastic/rubber industries. It now takes an average one month beyond due date for Vietnam companies to convert invoices into cash, with a consequent impact on financial stability and operational efficiency.

Companies in Vietnam respond to late payments with a variety of approaches. 40% of businesses, particularly in the plastic/rubber sector, delay payments to their own suppliers, while many agri-food companies postpone paying bills and staff. Seeking supplier credit is an avenue being used in the packaging industry, as well as using internal funds to manage liquidity issues. 51% of businesses report increased efforts to manage Days Sales Outstanding (DSO) and thus achieve greater financial resilience. There has also been a downward trend in B2B trading on credit, which now averages 54% of all B2B transactions. A similar cautious approach is taken to payment terms offered to B2B customers, which are now set at an average 37 days from invoicing.

Another response to the concern around late payments is a switch by companies in Vietnam towards a more strategic approach to credit risk management. Our survey found there has been a 25% increase in businesses adopting an approach that incorporates the use of credit insurance alongside in-

Key survey findings

- A diverse picture of B2B customer payment behaviour is reported by companies in Vietnam. 40% say there is an improvement, especially in the chemicals and packaging sectors. The agri-food industry mostly notes no significant change, while others are seeing a deterioration in payment practices.
- Late payments currently affect 36% of all B2B invoices issued by companies in Vietnam, a slight increase compared to the previous year, with the agri-food sector most affected. Bad debts stand at an average 3% of all B2B invoices.
- Nearly half of Vietnam businesses attribute late B2B payments to customer cash flow problems, while 36% say they are caused by administrative inefficiencies. It takes an average of one month beyond the due date to convert invoices into cash.
- To manage liquidity issues 40% of companies in Vietnam delay payments to their suppliers, while others postpone paying bills and/or staff. 51% of companies report ramping up management of Days Sales Outstanding (DSO), which has been a key factor in achieving greater financial resilience.
- The proportion of B2B sales transacted on credit by Vietnam businesses has trended down, now averaging 54% of all B2B transactions. Payment terms are set at an average 37 days from invoicing, mostly unchanged from the year before.
- There has been a notable 25% increase in companies adopting a more strategic credit risk management approach compared to the previous year. This trend is particularly prevalent in the Vietnam chemicals industry and involves using credit insurance as well as tools like letters of credit.

house management and other tools. This shift involves moving away from relying solely on internal reserves for unexpected losses or large write-offs, which can tie up funds that could be used for investment and growth. This trend towards using credit insurance is particularly prevalent in the Vietnam chemicals sector, and also involves tools like letters of credit.

Key figures and charts on the following pages

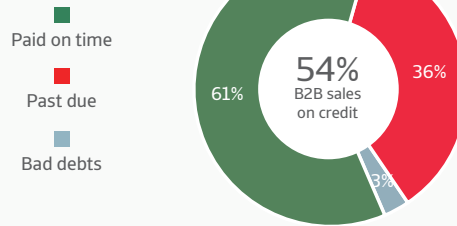


Vietnam

B2B payment practices trends in Vietnam

% of B2B invoices paid on time, past due and bad debts

(% of respondents)



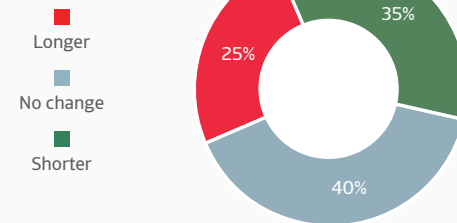
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

% of respondents reporting changes in payment duration* over the past 12 months

(% of respondents)



*average amount of time to get paid from B2B credit customers

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

What are the main sources of financing that your company used during the past 12 months?

- 77% Trade credit
- 63% Internal funds
- 58% Bank loans
- 50% Invoice financing

(% of respondents - multiple response)

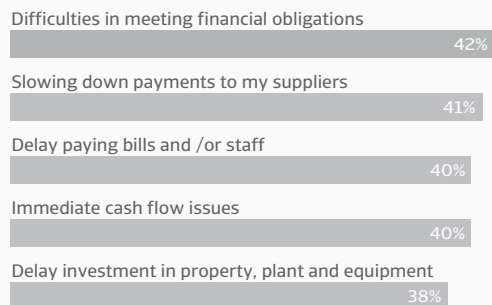
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?

(% of respondents - multiple response)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2024

Vietnam

Looking ahead

Future profitability and insolvency risk worry Vietnam's businesses

A strong mood of optimism about the prospects for B2B customer payment behaviour is evident in our survey of companies in Vietnam. 72% of businesses say they anticipate an improvement in payment practices, with the rest equally split between those foresee no significant change and companies who expect a deterioration in payment timings during the coming year. It is no surprise that this positivity also means 67% of Vietnam businesses, especially in the plastic/rubber sector, believe there will be an improvement in Days Sales Outstanding (DSO) in the months ahead. 25% of companies, mostly in the packaging industry expect no significant change in DSO, and only a minority fear any deterioration.

In contrast, our survey finds more caution among companies in Vietnam about the outlook for both insolvency rates and future profitability. A significant number of businesses, notably in the agri-food and packaging industries, tell us they are pessimistic and anticipate a negative trend of insolvency risk during the year ahead. Around half of Vietnam companies, split across different sectors, say they expect the rate of insolvencies to remain stable. Although 82% of businesses anticipate a surge in demand for their output in the coming months, only 65% expect this to translate into improved profits in the year ahead, and 25% foresee no change.

This caution is also evident in a number of short-term and long-term concerns expressed by companies in Vietnam. A major worry surrounds continuing global uncertainties that could spark supply chain disruptions and an unpredictable trading environment. Rising inflation and increasing labour costs are also significant anxieties, with the potential to erode profit margins and affect business sustainability. Furthermore, the push for sustainable development introduces new environmental and social governance (ESG) requirements, which can be complex and costly to meet. The rapid pace of technology advances also demands continuous investment and can add to financial burdens.

A variety of other significant worries are reported by Vietnam businesses, which include concern about financial constraints such as limited capital and insufficient cashflow that can hinder investment in new projects. Human resources limitations are another major issue, with a shortage of skilled workers as well as difficulties in

Key survey findings

- A staggering 72% of companies in Vietnam anticipate improved invoice payment timings from their B2B customers on credit during the next 12 months. The rest are split between those who foresee no significant change and those who expect a deterioration in payment behaviour.
- This optimism also translates into 67% of Vietnam businesses, mainly in the plastic/rubber industry, anticipating an improvement in Days Sales Outstanding (DSO). 25% of companies, chiefly in the packaging sector, expect no significant change in DSO during the coming months.
- There is a more cautious outlook about future insolvency rates. While 54% of companies in Vietnam say they expect insolvencies to remain stable during the year ahead, a significant number of businesses, chiefly in the agri-food and packaging sector, say they anticipate a negative trend of insolvency risk.
- 82% of Vietnam companies expect a surge in demand for their output, with notable optimism in the agri-food sector. In contrast there is less positivity about profitability in the coming months, with only 65% of businesses anticipating higher profits, mainly in the chemicals industry.
- Several major concerns looking ahead are expressed by companies in Vietnam, particularly global economic uncertainty that could mean supply chain disruptions and rising inflation. There is also anxiety about environmental regulations and the need for sustainable development.
- Businesses in Vietnam also express significant worry about financial constraints such as insufficient cash flow as well as a shortage of skilled workers. Market saturation further exacerbates these concerns, prompting fears about a limited potential for growth.

attracting and retaining talent. A critical concern also surrounds market saturation because intense competition limits potential growth and makes it hard to achieve significant market share. However, despite these challenges, Vietnam remains a dynamic emerging economy with strong fundamentals, including a robust manufacturing sector and a burgeoning tech industry, supported by government efforts to foster future growth.

Key figures and charts on the following pages

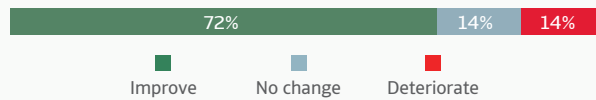


Vietnam

B2B payment practices trends in Vietnam

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)

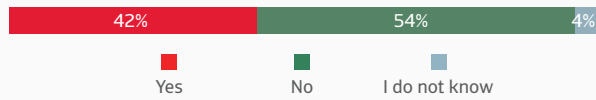


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)

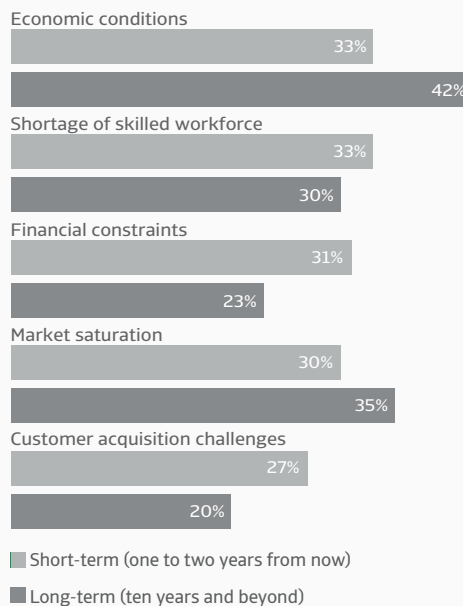


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Vietnam – 2024

B2B payment practices trends in Vietnam

How do you expect your average DSO to change over the next 12 months?

- 67% Improve
- 25% No change
- 8% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Vietnam – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Vietnam are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 304 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Vietnam were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** 304 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 304

Business sector	Interviews	%
Manufacturing	170	56
Wholesale trade	72	24
Retail trade/Distribution	44	14
Services	18	6
TOTAL	304	100
Business size	Interviews	%
SME: Small enterprises	47	15
SME: Medium enterprises	101	33
Medium Large enterprises	101	33
Large enterprises	55	19
TOTAL	304	100
Industries	Interviews	%
Agriculture + Food	79	36
Chemicals	81	27
Plastics + Rubber	75	24
Packaging	69	23
TOTAL	304	100

Methodological note

Last year different industries were included in the survey for Vietnam. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Vietnam please refer to the specific report available on the [Atradius website](#).

Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in **Vietnam and worldwide**, please visit atradiuscollections.com.

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